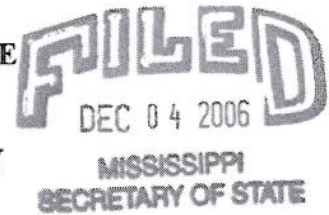


NOTICE OF RULE ADOPTION—FINAL RULE

STATE OF MISSISSIPPI
MISSISSIPPI DEVELOPMENT AUTHORITY



Mississippi Development Authority
c/o Shana Watkins Harrell
Financial Resources Division
P.O. Box 849
Jackson, MS 39205-0849
601-359-3039
sharrell@mississippi.org

Specific Legal Authority Authorizing the
promulgation of Rule: Sections 29-7-1, 57-75-1, 57-5-1

Reference to Rules repealed, amended or suspended
by the Proposed Rule:

Date Rule Proposed:

Explanation of the Purpose of the Proposed Rule and the reason(s) for proposing the rule: The proposed rules and regulations will allow MMEIA to carry out it's assigned responsibilities for leasing the stated owned onshore minerals under MMEIA's jurisdiction.

The Agency Rule Making Record for this rule including any written comments received during the comment period and the record of any oral proceeding is available for public inspection by contacting the Agency at the above address.

☒ An oral proceeding was held on this rule:

Date: Friday, November 10, 2006

Time: 10am

Place: MS Public Service Commission Hearing Room

Woolfolk State Office Building, 501 North West Street, Jackson, MS 39201

☐ An oral proceeding was not held on this rule.

The Agency has considered the written comments and the presentations made in any oral proceedings, and

☐ This rule as adopted is without variance from the proposed rule.

☒ This rule as adopted differs from the proposed rule as there are minor editorial changes which affect the form rather than the substance of the rule.

☐ The rule as adopted differs from the proposed rule. The differences however are:
Within the scope of the matters in the Notice of Proposed Rule Adoption, the logical outgrowth of the contents of the Notice of Proposed Rule Adoption and the comments submitted in response thereto, and
The Notice of Proposed Rule Adoption provided fair warning that the outcome of the proposed rule adoption could be the rule in question.

The entire text of the Proposed Rule including the text of any rule being amended or changed is attached.

Effective Date of Rule:

12/4/06

A handwritten signature in cursive script, appearing to read "Shana W. Harrell".

Signature and Title of Person Submitting Rule for Filing



CONCISE SUMMARY OF ECONOMIC IMPACT STATEMENT

STATE OF MISSISSIPPI MISSISSIPPI DEVELOPMENT AUTHORITY

Mississippi Development Authority
Shana W Harrell
Financial Resources Division
P.O. Box 849
Jackson, MS 39205
601-359-3039
sharrell@mississippi.org

Specific Legal Authority Authorizing the promulgation of
Rule: 25-43-3.105 and 29-7-1, 57-75-1, 57-5-1

Reference to Rules repealed, amended or suspended by the
Proposed Rule: _____

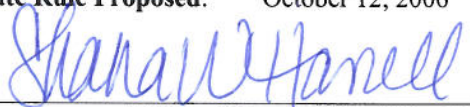
An Economic Impact Statement is required for this proposed rule by Section 25-43-3.105 of the Administrative Procedures Law. This is a Concise Summary of the Economic Impact Statement which must be filed with the Notice of Proposed Rule Adoption in the Secretary of State's Office. The full text of the Economic Impact Statement may be obtained from the agency contact person at the above address.

Persons may present their views by submitting written comments on the proposed rule adoption to the agency contact person at the above address. Additional information on where, when and how persons may present their views or demand an oral proceeding on the proposed rule are included in the Notice of Proposed Rule Adoption to which this is attached.

- a. Description of the need for and the benefits of the proposed rule:
The law requires the mineral lease program to administer the leasing of state-owned minerals and this must be done using adopted rules and regulations.
- b. Cost estimate to the agency and other state or local government entities:
The only cost to the state is that part of the salary of the program administrator needed to cover the time this program requires.
- c. Estimate of the cost or economic benefit to all persons:
The economic benefit has averaged \$30,000/per year but there is very real potential for greatly increasing the income.
- d. Analysis of the impact on small business:
Small businesses will benefit by supplying goods and services that support oil and gas drilling and production.
- e. Comparison of the costs and benefits of the proposed rule to the probable costs and benefits of not adopting the rule:
Without rules and regulations the state will fail to reap the benefits of oil and gas activity on those minerals. If the state does not lease its minerals it could be drained by offsetting wells.
- f. Determination as to whether less costly or less intrusive methods exist to achieve the purpose of the rule:
There are no less costly or less intrusive methods available to run a mineral leasing program for the benefit of the state.
- g. Description of reasonable alternative methods and reasons for rejection of the alternative methods:
Not leasing state-owned minerals is an alternative. This is rejected as the law requires this agency to administer this activity and the potential loss of revenues from future discoveries outweighs the small risk presented by modern oil and gas operations.
- h. Data and methodology in making the estimates in the economic impact statement:
The income records of the mineral lease program from 1991 to 2003 were used to estimate the economic impact going forward. The annual averages for that period were the basis for calculations of job creation and the other financial benefits.

Date Rule Proposed: October 12, 2006

Proposed Effective Date of Rule: November 21, 2006


Signature and Title of Person Submitting Rule for Filing